

Message Text

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ORIGIN EB-07

INFO OCT-01 ISO-00 STR-04 EA-09 EUR-12 IO-11 FEA-01 AGR-10

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07

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CIEP-02 SS-15 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMCONSUL HONG KONG

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, JA; TW, EC, HK, KS

SUBJECT: ESCAPE CLAUSE PROCEEDING ON STAINLESS STEEL
FLATWARE (SSF) - UNITED STATES INTERNATIONAL TRADE COMMIS-
SION MAKES AFFIRMATIVE DETERMINATION

REF: STATE 226286, SEPT. 23, 1975

1. FOLLOWING IS TEXT OF RELEVANT PORTIONS OF THE USITC
PRESS RELEASE DATED MARCH 1, 1976 ANNOUNCING THAT DOMESTIC
PRODUCERS OF SSF ARE ELIGIBLE FOR ASSISTANCE UNDER THE
IMPORT RELIEF PROVISIONS OF THE TRADE ACT OF 1974: BEGIN
TEXT.

THE UNITED STATES INTERNATIONAL TRADE COMMISSION HAS CON-
CLUDED ITS INVESTIGATION OF CHARGES MADE BY THE STAINLESS
STEEL FLATWARE INDUSTRY OF SERIOUS INJURY FROM IMPORTS.
AFTER AN EXTENSIVE INVESTIGATION, THE COMMISSION CONCLUDED
BY A 5-TO-1 VOTE THAT INCREASED IMPORTS OF SSF WERE A
SUBSTANTIAL CAUSE OR THREAT OF SERIOUS INJURY TO THE DOMES-
TIC INDUSTRY. COMMISSIONERS WILL E. LEONARD, GEORGE M.
MOORE, CATHERINE BEDELL, JOSEPH O. PARKER, AND ITALO H.
ABLONDI JOINED IN THE AFFIRMATIVE VOTE. COMMISSIONER
DANIEL MINCHEW VOTED IN THE NEGATIVE.

COMMISSIONERS MOORE, BEDELL, AND PARKER RECOMMENDED THAT A

NEW TARIFF RATE QUOTA SYSTEM BE IMPOSED (SEE SEPTTEL
REPORTING OPINIONS OF MEMBERSHIP FOR DETAILS) . A TARIFF
RATE QUOTA PROVIDES THAT IMPORTS UP TO A SPECIFIC LEVEL
MAY BE IMPORTED AT ONE RATE, WITH IMPORTS ABOVE THAT
LEVEL BEING SUBJECTED TO A HIGHER RATE.

COMMISSIONER ABLONDI RECOMMENDED THE CONTINUATION OF THE
EXISTING TARIFF RATE QUOTA, WITH THE EXCEPTION THAT THERE
WOULD BE NO ALLOCATION AMONG SUPPLYING COUNTRIES.

COMMISSIONERS LEONARD AND MINCHEW RECOMMENDED ADJUSTMENT
ASSISTANCE, WHICH PROVIDES FOR FINANCIAL AND TECHNICAL
AID TO FIRMS, WORKERS, AND COMMUNITIES.

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IN SPITE OF TARIFF RATE QUOTAS IMPOSED IN 1971, IMPORTS
HAVE CONTINUED TO INCREASE. STAINLESS STEEL FLATWARE
IMPORTS CURRENTLY MAKE UP ABOUT 68.9 PERCENT OF TOTAL
U.S. CONSUMPTION.

IMPORTS OF STAINLESS STEEL FLATWARE IN 1974 WERE VALUED
AT ABOUT \$53 MILLION, TOTALING ABOUT 420 MILLION PIECES.
IMPORTS IN THE FIRST NINE MONTHS OF 1975, WERE VALUED AT
ABOUT \$41 MILLION, TOTALING SOME 312 MILLION PIECES. THE

BULK OF THESE PRODUCTS COME FROM JAPAN, SOUTH KOREA, AND
TAIWAN.

APPROXIMATELY 2,600 WORKERS ARE EMPLOYED BY THE DOMESTIC
STAINLESS STEEL FLATWARE INDUSTRY. THIS IS DOWN FROM AN
AVERAGE OF ABOUT 3,300 EMPLOYEES IN 1974. PRODUCTION OF
STAINLESS STEEL FLATWARE IS CENTERED IN NEW YORK,
CONNECTICUT, RHODE ISLAND, NEW JERSEY, CALIFORNIA, AND
OHIO. END TEXT.

2. EXECUTIVE AGENCIES WILL ANALYZE REPORT AND FORMULATE
A RECOMMENDATION TO THE PRESIDENT. PRESIDENT MAY
ACCEPT, MODIFY OR REJECT THE PROPOSED NEW TARIFF ARRANGE-
MENT. HE WILL MAKE A DECISION WITHIN 60 DAYS.

3. PRESIDENTIAL PROCLAMATION 4076, EFFECTIVE OCTOBER 1,
1971, ESTABLISHED A SPECIAL TARIFF ARRANGEMENT FOR KNIVES,
FORKS AND SPOONS VALUED UNDER 25 CENTS EACH, NOT OVER 10.2
INCHES IN OVERALL LENGTH AND WITH STAINLESS STEEL HANDLES.
UNDER THE ARRANGEMENT TRADE AGREEMENT RATES NOW APPLY TO
IMPORTS OF 206 MILLION (17.2 MILLION DOZEN) PIECES WHICH
IS ALLOCATED BY COUNTRY AND ADMINISTERED ON A QUARTERLY
BASIS. IMPORTS FROM ANY COUNTRY IN EXCESS OF ITS ALLOCAT-
ED QUARTERLY AMOUNT ARE DUTIABLE AT HIGHER TARIFF RATES.
UNDER THE PROPOSAL MADE BY THREE OF THE FIVE MEMBERS MAKING
THE AFFIRMATIVE DETERMINATION THE PRESENT TARIFF ARRANGE-
MENT WOULD CONTINUE TO BE BASED ON AGGREGATE IMPORTS OF
206 MILLION PIECES BUT EXTENDED TO INCLUDE PRESENTLY EX-
EMPT IMPORTS OF SSF VALUED AT MORE THAN 25 CENTS EACH.

4. GENEVA AND PARIS INFORM GATT AND OECD SECRETARIATS.
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